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ABSTRACT

The full texts of two speeches given at a Wingspread symposium in February 1976 deal with the exigency for a new international economic order which takes into account the needs of the developing nations, the reasons for conflicts between the developing and developed worlds, and the need for action now. Neville Kanakaratne, ambassador to the United States from Sri Lanka, states the case for a new international economic order. He discusses why there is a need to revise the economic order set up after World War II, describes the plight of the ordinary people of the Third World, and suggests three fields of international activity-- international trade, monetary system, and transfer of resources--where there is opportunity to institute a new economic order. Dr. Carol Baumann, of the University of Wisconsin-Milwaukee, discusses four questions: (1) What has provided the sharp conflicts between the developed and the developing world and why do the problems of development necessitate the consideration of a new economic order? (2) What has led to the current pressures to create new worldwide institutions and policies to deal with these problems and conflicts? (3) What are the political, economic, and moral imperatives which face the United States in its dealings with the developing nations? and (4) Why is it crucial that the U.S. public be involved in developing U.S. policies toward the developing world? (Author/NE)

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Two Addresses

delivered at the Wingspread Symposium on

UNITED STATES RELATIONS WITH THE DEVELOPING NATIONS:

THE NEW INTERNATIONAL ECONOMIC COUNTDOWN

A Wingspread Conference

convened by

LEAGUE OF WOMEN VOTERS EDUCATION FUND

in cooperation with

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and

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at

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INTRODUCTION

For a long time, relations with the developing nations were low priority on the United States foreign policy agenda. But times have changed and some foreign policy analysts are calling the gap between the globe's rich and poor one of the most serious threats to world peace, second in potential destructiveness only to nuclear armament. Though such comparisons may seem overstated, there is no doubt that Third World economic issues have entered the international arena with full force and have affected such widespread issues as a Middle East settlement, the future of the United Nations, reform of the international monetary system, and the ability of the international community to reach agreement on a law of the seas.

UNITED STATES RELATIONS WITH THE DEVELOPING WORLD -- THE NEW INTERNATIONAL ECONOMIC COUNTDOWN, a symposium sponsored by the League of Women Voters Education Fund, attempted to take a look at recent international developments which have brought Third World issues to the fore, and to hear and understand the Third World view and analyze its implications for United States citizens and United States policies. The Johnson Foundation and the Overseas Development Council cooperated in convening the symposium which brought together one League leader from every state to exchange ideas with experts from developing nations, international agencies, the United States government, business, labor, and the academic community. The symposium was held at Wingspread, The Johnson Foundation's educational conference center in Racine, Wisconsin, in February, 1976.

In this Wingspread Report are the full texts of two presentations made at the symposium. As the first and last presentations, they capture the thrust of the challenge before the international community and the potential for an appropriate United States response.

Neville Kanakaratne, Ambassador to the United States from Sri Lanka, makes the case for a new international economic order which takes into account the needs of the developing nations and includes them as full partners with the industrialized nations in determining the revised rules of the international trade and monetary system.

Dr. Carol Baumann, Director, Institute of World Affairs, The University of Wisconsin-Milwaukee, in a speech entitled "The Reasons Why," discusses the reasons for the sharp conflicts between the developing and developed worlds and the reasons for an agenda for action now. She probes the question --- why United States concern for economic development? Finally, and perhaps most important, she explains why it is so crucial that the American public be involved, not only in understanding, but in influencing United States policies toward the developing world.

The League of Women Voters Education Fund has prepared a publication reporting on the Symposium entitled, "U.S. Relations with the Developing Nations: The New International Economic Countdown." (Available from the League of Women Voters Education Fund, 1730 M Street, N.W., Washington, D.C. 20036. Publication number 682, 75¢.) That publication contains a summary of all the presentations and discussions which took place at Wingspread.

The Johnson Foundation was pleased to cooperate in this important meeting on a crucial topic and through this Wingspread Report is pleased to be able to share with a wider audience the full texts of Ambassador Kanakaratne's and Professor Baumann's presentations.

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THE CASE FOR CHANGE

His Excellency, Neville Kanakaratne
Ambassador to the United States from Sri Lanka

It is always a pleasure for some of us to get away from Washington, D.C., but it's an added pleasure to come to a place such as Wingspread. This is not my first visit here, and therefore when I had the very kind and cordial invitation of the League of Women Voters Education Fund I had no particular reason not to leap to accept it.

This afternoon I have the very grave responsibility of being the keynote speaker at this three-day symposium on an issue which to many of us, and certainly to all of us from the developing world, is the cardinal issue facing the international community, subject only to the greater one of nuclear disarmament. I must at the very outset say that I am particularly pleased that the great majority of the audience here this afternoon -- as it of course should be for a symposium organized under the auspices of the League of Women Voters Education Fund -- is a feminine audience; I at the moment am representing a Government headed by a woman who, as far back as 1960, became the first elected woman Head of Government that the world had known. So I presume that this may establish a special bond between me as your speaker and you as the audience this afternoon.

Now, the "case for change" for those of us who inhabit the three southern continents of the planet, for the last several years has been a case which was a strong one and continues to be a strong one. I do not propose in these opening remarks to go through the statistics which have been amply researched and published by institutions of an international nature such as the International Bank for Reconstruction and Development, the

International Monetary Fund, the various agencies of the United Nations, the Overseas Development Council, and indeed The Johnson Foundation as a result of the several seminars that have been held in these very halls. I wish, particularly since I am here speaking for the Third World so called, the developing world, and since I have following me a very senior and distinguished member of the United States Government, Ambassador Greenwald, to restrict myself to remarks which I hope will clear the air of certain misconceptions and certain myths which have either been allowed to grow or which, in some cases, have been deliberately put abroad by those interested in maintaining the international economic status quo.

We of the Third World countries, and certainly I and my foreign colleagues in Washington, have traversed the length and breadth of the United States trying to put across to the great American public the case that we are advocating, and have been advocating for the last 15 or 20 years, before international forums such as UNCTAD, the General Assembly itself, the world conferences on population, on food, on raw commodities, and on the resources of the sea and the sea bed. The theme song always has been the same - that is, we believe that an international system which grew to a great extent from history, and to a lesser extent was created artificially 30 years ago after the end of the Second World War, should now be reviewed, revised and adapted to meet a changing international situation.

In the aftermath of the Second World War, in the flush of enthusiasm which swept the Allied countries, in the idealism released by, amongst other great world leaders, President Franklin Roosevelt, the world not only defeated for the first time in its history an organized attempt by totalitarianism to subjugate the rest of the world, but it also generated tremendous waves of idealism, of expectation, of aspiration. The political aspects of those aspirations have now been almost fulfilled in totality. I refer to

the great yearning for political independence and freedom manifested by large numbers of countries which hitherto had been colonies of the great Imperial Powers. When the Charter of the United Nations was signed in San Francisco in 1945, there were 52 signatories. Today, that organization embraces no less than 143 sovereign states. That is the measure of the realization of the political aspirations of countries and of races ranging from the great Indian sub-continent, which became politically free in 1947 within two years of the end of the Second World War, right down to the major colonies of Portugal, one of which is still in the travails of birth as an independent sovereign nation. We therefore have achieved one of the major aspirations for which two-thirds of the human race combined to fight together shoulder to shoulder, regardless of race, of religion, of ideology, and of institutions.

We have now found, through 30 years of existence as independent sovereign nations, that, although our political aspirations have been fulfilled, the lot of the ordinary people in these lands has not changed overmuch in a quarter of a century. It is for this reason and no other that we believe that the time has come for the international community as a whole, the rich and the poor, the strong and the weak, the affluent and the less affluent, to get together and, in the time that is left to the human race, to work out arrangements in a civilized fashion pointing out one to the other the problems of our respective nations -- problems which, as the Secretary of State of this country has so often publically maintained, are in the last resort interdependent.

I will leave to your subsequent detailed discussions in your respective groups the particular aspects which may require study, which are capable of solution, and which, as in some cases, may defy easy solutions but on which continued discussion is absolutely necessary if we are to avoid,

before the end of this century, a major disaster in human terms.

You may ask me why I say that the existing international economic order needs to be changed. We believe, and when I say "we" I speak, as I am supposed to today, although it is somewhat impertinent on my part, for the developing countries which together cover two-thirds of the human race. Up to now all the major decisions relating to international trade, to the transfer of resources, to the international monetary system, have been taken, by and large, by a small group of rich and powerful and influential governments.

I do not, speaking before an American audience, have to take your minds back to the '20s and early '30s in these very United States. I refer to the days which saw the birth of collective bargaining. In that era the working classes of this country, perhaps somewhat later than the working classes of some of the European countries, realized that in the protection of their own vital economic and social interests they had to group themselves together in order to bargain with management or with employers. And, by and large, the international spectrum that you see today and the happenings in the United States are no more or less than a sort of an international collective bargaining by the "working classes" of the world.

I do not use this phrase in bitterness, I do not use this phrase pejoratively, but the 2 1/2 billion people who live literally from Peru to China are those who produce the raw materials, those whose raw materials are shipped abroad, and those whose raw materials are then converted into manufactured goods and sold back to them at considerably higher prices, while they themselves are left without proper employment, without proper living standards, and indeed, as Mr. McNamara, the President of the World Bank, repeats year after year at the annual meetings of that institution, hardly able to maintain the elementary dignity which one associates with human life.

We believe that this situation, if allowed to continue on the international scenario, could lead to serious difficultues within national boundaries and then consequently between nations. It is therefore with that motivation - to avoid such a situation - that we have recently called upon the developed nations, the industrialized nations of both the political West and the political East. We have no compunction in stating, both at the United Nations and outside, that the Soviet government as well as the countries of Eastern Europe which are industrially developed - Czechoslovakia, for instance, Eastern Germany, Poland - can just as much be expected to play their role in what we seek to achieve as indeed do the United States, the Federal Republic of Germany, France, Japan, Canada and the other Western countries.

Let me, in the few minutes that I wish to take of your time, draw your attention to three broad fields of international activity in which we believe there is plenty of room, some opportunity, and a little time left in which to adapt ourselves -- all of us -- to the changing circumstances of a planet whose finite resources are being depleted at a frightening rate and whose population is increasing at an equally frightening rate. If both of these are allowed to continue unchecked they cannot but create a situation within the next quarter of a century that will spell out not disaster for any one part of us, but for all of us as a race. It is in order to avoid that in time that we have been advocating reasonable discussions, and not a confrontation as some would have you believe, to settle these differences. And I am very happy here to say in public, that the Secretary of State of the United States (and after all the United States is the most powerful of the industrialized nations of the Western World and perhaps of the whole world), recognized this and in his masterly and statesman-like address to the Seventh Special Session of the United Nations in September of 1975, ac-

cepted many points of view that we of the developing world have been putting forward over the last several years. He recognized the reasonableness of these demands, he recognized the need that they should be approached in a positive, constructive fashion. In a welcome change of attitude between February, 1975 and September, 1975, the Seventh Special Session of the United Nations has gone down in history as one of the most successful meetings of that body. Consequent to that statement, as many of you know, four commissions consisting of officials and experts and technologists are now about to begin work to discuss problems relating to oil, to raw commodities, to development, and to finance.

Let me very briefly give you a few facts as to why we feel that we are not enjoying what we believe we ought to be able to enjoy as people who have a vested interest in the common heritage of mankind just as much as the inhabitants of the richer nations do.

Let me take international trade, which is an area of tremendous complexity, a complexity compounded by the domestic pressures which exist in open societies such as the United States where, in the interest of foreign policy, the State Department and the Secretary of State, and indeed the President himself, may wish to follow one line of policy (and I have in mind the recent Trade Act passed by Congress), but there are individual Congressmen, because of pressures from within their own local constituencies, who find it difficult to support Presidential policy. This we appreciate is a problem which is inherent in any society such as yours, in any parlimentary society where governments are accountable to the people they claim to represent. But we would appeal to you, and I am speaking now to an important segment, a national segment, of a very influential voluntary organization of women in these United States. The greatest target you have in mind is not the immediate interests of Missouri, or of Kansas, or

of Washington State, but of the United States as a whole.

What in the long term are America's interests? It may be that the meat industry may have a special interest in a certain situation, the grain industry special interests in certain other situations, the air craft industry other interests, the armaments industry, for that matter, in certain interests. These are understandable difficulties, but the Congress of the United States when it legislates must surely know and must surely bear in mind that that legislation, although technically domestic, has repercussions far beyond the national jurisdiction of the United States itself. Legislation on your economy could have devastating implications for us where the price of our grain, imported from the United States, is concerned, or where the costs of shipping when we have to import things under certain conditions on American flag vessels are concerned, (because American flag vessels are the most expensive in the world). So it is this that we are mindful of, but yet hope your leadership, regardless of the political party to which it belongs, will bear in mind when eventually deciding for itself where America's long term interests lie. This is why I have studiously avoided the word confrontation. There is, particularly now in New York, a conviction and with the greatest respect to your representative at the United Nations, he (I am sure unwittingly) has contributed to this somewhat - that there is an anti-Americanism abroad in the United Nations. This may be a point of view, but there are those of us in the Third World who believe that in the United States there is an anti-developing world view which is predominating.

Now isn't it surprising that on the General Assembly Resolution on the Economic Duties and Rights of Nations -- that resolution spearheaded by Mexico and its President but sponsored by a large number of developing

countries in all the continents of Asia, Africa and Latin America -- in that vote which was 114 for and 3 against, with 11 abstentions, the United States was one of the three? Now this has got absolutely nothing to do with Zionism, the Middle East, or anti-Americanism. Are we not entitled to ask why the world's most powerful, the world's most influential, the world's strongest, and we hope to believe the world's most compassionate, country should allow itself to be isolated on a matter not of politics, but of what we consider the economic rights and the economic duties of nation states in today's world? Personally I think it was a sad vote for the United States. And if the United States feels that there is a "ganging up" at the United Nations against the United States, then those 114 votes if you analyze them, do not come entirely or exclusively from those states who have particular reason to be anti-American, (and there <u>are</u> some states with such particular reasons, not very far from your own shores for that matter). But this is a matter which I would urge you to examine.

Now in the trade field most of us, the developing countries, depend almost exclusively for 80% of our export earnings on 12 major primary commodities, and I am excluding oil. I am not taking oil into consideration because it is a special commodity now because of much confusion and complaint. But 12 major commodities account for 80% of the total export earnings of the developing countries. But that is not the point I wish to make. The point I wish to make is that the final consumer - that is you - in the developed countries pay over 200 billion dollars for those commodities and their products -- you, the Canadians, the Western Europeans, the Japanese. And how much of this 200 billion dollars which the final consumer in totality pays for these 12 major raw materials exported by us -- how much of this comes into the hands of the primary producers? Would you believe that it is only 30 billion dollars. What happens to the 170 billion

dollar gap between what you as housewives have to pay, whether it is for Sri Lanka tea or for Malaysian tin or for Ghanian or Nigerian cocoa or for Brazilian or Colombian coffee? Now this surely requires study and surely requires correction and surely requires early correction. This is what we mean by saying that what we seek is not charity but what we seek is some degree of international economic justice.

Let us go into the field of the international monetary system. As we all know the current international monetary system was born at Bretton-Woods immediately after the end of the Second World War. Now as a result of the need to increase international reserves, between the years 1970 and 1974, international reserves of approximately 102 billion dollars were created. Of this how much did the developing countries together - 121 of them - receive? 3.7 billion dollars - less than 4% of the total international reserve created! And where did the balance go? To the developed countries themselves! On the principle, I suppose of the existing order that "the poor get little credit." Now this, we believe, is not the just way of trying to narrow the gap between the rich and the poor in the world.

Thirdly, you go into the field of international transfer of resources, which means assistance - money, capital -- coming in to our countries. The Pearson Commission, whose membership was beyond question, was appointed by the General Assembly of the United Nations, chaired by a very distinguished Canadian who was Foreign Secretary and later Prime Minister of his country and accepted throughout the world as one of the leading statesmen of this country, recommended, as you all know, that 1% of the gross national product of the 18 developed countries should be set aside as development assistance for the poor countries. Of that 1%, .7% was earmarked as official development assistance -- government to government. That was at the beginning of the first United Nations Development Decade.

Now we find that although the target was .7% official development assistance, the countries of the OECD, which together represent the richer and more influential Western industrialized states, as of last year gave only .3%. This is less than one-half of the target intended to narrow the gap between the rich countries and the poor! And I am sad to have to say to an American audience that the United States official development assistance as a percentage of its gross national product today stands at .23%, "bettered" only by two of the 18 rich countries - Luxembourg and Austria.

Countries like the Netherlands, Belgium, Sweden have, most of them, reached if not passed the .7 target. Statistics produced by the World Bank show that the United States official development assistance transfer of resources has been solidly on the downward, dating from the days of the Marshall Plan when it was about 2.4% of the gross American national product. Now, those are some of the very few statistics which I want to refer to in support of our case for change.

Let me finally give you very briefly the feeling of the so-called developing nations. I was in Jamaica two weeks ago attending the International Monetary Conference on behalf of my government. There is a group called the Group of 24, set up under the auspices of the Bank and the Fund for their purposes; the Group of 24 is a meeting of representatives of the developing countries. At the end of their meetings, before the full Interim Committee sat, they issued a communique, of which I will read two paragraphs from which you will get some ideas of what the psychological and emotional thinking of this group is - and they were all Ministers of Finance and Governors of Central Banks of their respective countries.

> "The Ministers of the inter-governmental Group of 24 on International Monetary Affairs, 12th Meeting of Ministers in Kingston, Jamaica, January 7th. Ministers noted, with grave concern, the continuing deterioration in the international environment for the development of their economies as reflected

in highly discouraging trends of aid flows and trade of the developing countries. Performance of developed countries in fulfilling obligations on the internationally agreed targets had fallen far short of both their capacity to provide that assistance and the objective needs of the developing countries themselves. They pointed out that the Development Committee which was charged with the function of finding effective solutions to these problems has not made progress for want of adequate cooperation and exercise of the political will on the part of the major developed nations. Ministers also expressed their strong disappointment that the interests and concerns of developing countries have received so little attention in the negotiations on international monetary reform, and that decisions affecting all countries continued to be taken in restricted groups of countries. They emphasized that unless there was a fundamental change in the attitude of developed countries the dialogue on international economic cooperation now underway in many fora is unlikely to produce any constructive results."

There is also now a view, particularly in the Western World, that since the oil crisis, since the OPEC countries raised or quadrupled the price of oil, they have an obligation to help the poorer countries like my own, which were seriously affected by the price of crude oil being raised as it was. On this particular issue too there was discussion and the communique stated as follows, I quote:

"The Ministers noted that as has been amply shown by studies undertaken by the International Monetary Fund and the International Bank for Reconstruction and Development, the current account position of non-oil-exporting developing countries - that is we, the most seriously affected, the non-oil-exporting developing countries - had deteriorated by approximately seven and one-half billion dollars from 1974 to 75 to reach a deficit of 35 billion dollars. By contrast, the current account position of developed countries had improved by 27 billion dollars over the same period, to register a surplus of 16 billion dollars in 1975."

In other words, it answers the criticism that the industrialized, developed countries are in such a serious difficulty, unable to assist the developing countries, because of the impact on their current accounts of the oil crisis. These figures do not support such a conclusion.

Well, ladies and gentlemen, these are the trends in the present world picture, which we believe can be met and overcome by dialogue; which we be-

lieve must be met and overcome by dialogue, because the alternatives are too serious for us to contemplate. It is increasingly clear, and these are not my words, that "a new international economic order is essential if the relations between rich and poor nations are to be transformed into a mutually beneficial partnership. The international system of economic and trade relations, which was devised about 30 years ago, is now manifestedly inadequate for the needs of the world community. It cannot now even be said that it works well for the affluent, and this is an additional incentive for evolving a new economic order." Those are the words of the world's first diplomat, Kurt Waldheim, the Secretary-General of the United Nations.

Finally, I want, as I always do when I speak to an American audience, to remind you that in the lifestyle that you have been used to, it may be difficult sometimes for you to transform yourself into an inhabitant of one of the economically very deprived countries of the three southern continents - Chad, or Somalia, or Nicaragua. But conditions in those countries are drastic. You are citizens of a nation born, 200 years ago, of idealism. Your documents, indeed the Declaration of Independence itself, talk about one of the main objectives of the independent colonies being the promotion of life, liberty and the pursuit of happiness. This is a task we are also engaged in, maybe through different historical processes. We, most of us if not all of us, have the same ideals. We are worried that if the present economic situation across the world impedes us from insuring to our people a square meal a day, liberty and human happiness will be seriously in question and, more importantly, even life itself. I know from five years in the United States now, that there are continuing public discussions in and out of Congress, in the newspapers, at your public meetings, on the quality of life in this country. But for some of us in our countries, the question is not the quality of life but life itself.

Many, many years ago, William Pitt the Elder stormed into the House of Commons after the French were defeated by the British, and said,

> "Mr. Speaker, Honorable Members, England has today saved itself by its exertions and Europe by its example."

I say to you today, in your Bicentennial year, that the greatest celebration you can have of that event is to mount for the developing nations an International Marshall Aid Plan, not by yourselves alone, but perhaps under your leadership, with Europe, with Canada, with Japan, and if, in the spirit of detente, the Soviet Union is willing to join, with the Soviet Union as well. Then you will be able to tell your future generations that in 1976 the United States saved itself by its exertions, and the world by its example!

Thank you very much.

THE REASONS WHY

Carol Edler Baumann
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The problems facing the United States in its relations with the developing world and in the creation of a new international economic order are both difficult and urgent. The presence here at Wingspread of League representatives from some forty-five states, plus Puerto Rico and the District of Columbia, attests both to the significance of the topic itself and to the timing of this symposium. I am genuinely pleased to be a part of it. I wouldn't be quite honest, however, if I didn't admit that I was less than enthused with the proposed title for my own talk, "The Reasons Why." The question itself was ambiguous and, in fact, the reasons why ultimately proved less difficult to analyze than the question "why what?" What questions would be appropriate to examine?

After some thought -- and several discarded drafts -- I selected four "whys" for our consideration.

First, why the problem? What has produced such sharp conflicts between the developed and the developing worlds and why do the problems of development necessitate the consideration of a new international economic order?

Second, why the agenda for action now? Admitting the existence of problems and even conflicts, what factors and demands have led to the current pressures to create new world-wide institutions and policies to deal with those problems?

Third, why the U.S. concern? What are the political, economic, and moral imperatives which face this nation in its dealings with 70% of the world's population -- the peoples and nations of the third and fourth worlds?

Finally, and perhaps most important, why is it so crucial that the American public be involved, not only in understanding, but in influencing United States policies toward the developing world?

Why the Problem?

Much of this symposium has already dealt with the first question -- the problems of a changed international system and why it has produced such conflict between the rich, industrialized, and economically developed states on the one hand and the poor, non-industrialized, and underdeveloped states on the other. The case for change could not have been more eloquently articulated than it was by Ambassador Kanakaratne of Sri Lanka who clearly portrayed the growing inadequacies and failures of the aging international institutions which were established at the end of World War II. Designed to regulate the international trade, financial, and monetary relations of the post-war era, those institutions reflected the national interests of their creators -- the industrialized states of North America and Western Europe. And they have served those interests well. But in thirty years they have adapted themselves only slowly -- if at all -- to the needs and interests of the newly emerging and developing states of Asia, Africa, Latin America, and the Middle East. Only UNCTAD -- the United Nations Conferences on Trade and Development -- stands forth as a possible exception to this generalization.

What has happened to international institutions has also happened to national policies -- they have lagged behind the changing realities of the problems they were supposed to solve. Just as generals are accused of developing strategies designed to fight the last war, so policymakers tend to cling to out-moded formulas and models which might have been successful in the past, but may have little relevance for the present -- and even less for the future. For example, the early emphasis on external assistance through bilateral or multilateral aid programs was based on the expectation that such aid in itself would inject the necessary capital, or technological know-how, or other expertise into developing economies in

such as way as to enable them to "take off" onto the next stage of economic growth. Industrialization was regarded as synonomous with economic development and, from an American perspective at least, economic development was considered as the underpinning of political stability.

These assumptions and expectations have simply not been borne out in practice. The amount of external assistance given to developing countries has in fact correlated less with their actual development than the internal policies their own governments have pursued toward that development. Moreover, an exclusive concern with industrialization at the expense of agriculture led to the mass exodus of people off the land, the unplanned growth of cities without employment or housing for their people, and a resultant depletion of the farm labor needed to produce the food for burgeoning populations. One of the most impressive lessons I have learned during my recent trip to China related to the Chinese recognition that they must proceed simultaneously "on two legs" of agriculture <u>and</u> industry and their insistence that industry itself must contribute at least partly to the mechanization and modernization of agriculture. Finally, the almost naive belief that economic development would automatically contribute to political stability overlooked the interim stages of instability which frequently result from sudden economic change and its social impact -- particularly on the rising but unfulfilled expectations of those at the very bottom of the development ladder.

These problems of development are hardly new to an audience such as this. Such phrases as unfavorable terms of trade, inadequate capital, investment, and resource transfer mechanisms, need for financial liquidity, low GNP and per capita incomes, technological lag, unemployment, overpopulation, food scarcity, and inadequate institutional coordination and international cooperation are familiar to all of you. You have been reading

about them in academic journals, in special reports and studies, and in serious periodicals and newspapers for years and you have been hearing about them and discussing them in symposia, conferences, roundtables, study groups, and on the air -- also for years. But you have also done much more than read and hear about them. As members of the League, you have been in the forefront of the legislative battle for more effective policies to deal with those problems. And you have probably been encouraged, as I have been, by the apparent movement toward action at this time.

Why Action Now?

This brings us to our second question: Why the agenda for action now? Why is it that suddenly we perceive movement -- not only in the Sixth and Seventh Special Sessions of the General Assembly at the U.N., but even in the committee rooms of Congress and in the cubicles and corridors of Foggy Bottom? You have already dealt with this issue -- both in your discussions on such specifics as trade and investment, food and energy, bilateral and multilateral aid, and in Ambassador Greenwald's speech on "U.S. Initiatives Toward the Developing World." It would be repetitious at best and boring at worst for me to review in detail the various assessments of what should and can be done in which areas and what progress has or will be made through which national policies, regional groupings, or world-wide bodies.

It is appropriate, however, to speculate as to why at this particular juncture in time there seems to be emerging a general agreement among both developed and developing countries that something should and can be done and that some progress has or will be made. One might simply conclude that "the time is ripe" and philosophically accept that verse from Ecclesiastes whith begins:

"For everything there is a season,
And a time for every
Matter under heaven . . ."

From a purely idealistic point of view, I suppose all of us would like to believe that the world had somehow come to the intelligent conclusion that now _is_ the time to plant and not to pluck up what is planted, a time to build up and not to break down, a time to sew and not to rend, -- a time for peace, and not for war.

But there are also powerful and persuasive reasons of national interest and power politics why this movement began to gain momentum in 1973 and as a political scientist it is equally appropriate for me to analyze those reasons briefly. In 1973 when the Arab petroleum-exporting countries placed a temporary embargo on their oil exports and subsequently increased the price of such exports four-fold, they contributed more to a world-wide recognition of the concept of "international interdependence" than all the rhetoric of the United Nations General Assembly and the United States Congress put together. The United States, Western Europe, and Japan -- the OECD "rich" countries of the North -- suddenly found themselves inextricably entangled in the reality of an interdependence which, they soon came to realize, actually meant "mutual dependence." Their advanced industrialized economies which the third world (including many of the Arab states) had long been dependent upon for capital goods, investments, and technology, were now equally dependent upon the oil exporters for the very sources of energy upon which those economies were based. As a result, many of the states of Western Europe and Japan reassessed their policies toward the Middle East and adopted a more favorable posture toward the Arab point of view in the Arab-Israeli dispute.

In addition, this successful utilization of the oil weapon by the OPEC states became a potential model for others to follow. Exporters of scarce

minerals openly considered the possibility of creating other producers' cartels and, by limiting either production or exports, thus increasing or at least stabilizing prices. At the same time, however, the shortages of food grains in many parts of the world and their consequent need for imports of wheat from the United States illustrated that the mutual dependencies of an interdependent world were extremely complex and incapable of being balanced in any purely bilateral framework. It was this confluence of events, plus the successful conclusion of the 1975 Lome convention on commodities and trade between the European Community and some 46 African, Caribbean, and Pacific states, which set the stage for meaningful progress. A beginning first step toward such progress was taken during the Special Session of the United Nations General Assembly last fall in the unanimous vote on its ambitious final resolution. That resolution, however, remains to be implemented -- and real progress will depend not on words, but on action.

Why U.S. Concern?

Having looked at some of the reasons for the problem and some of the reasons for speedy international action, we now come to our third question of why we in the United States should be concerned. What are the political, economic and moral reasons behind the recent United States initiatives? The economic reasons are perhaps most easily answered. As we have seen, economic interdependence has become much more than rhetoric. Interdependence describes a reality which exists not only for others -- but even for the United States. For example, if we seek to export our goods to others, we must be willing to import from them in order to provide them with the capital which they can then use to purchase those goods. This is particularly true for most of the developing states whose export earnings constitute a large percentage of their national income. Secondly, if we seek to

invest for profit in foreign economies we must be willing to accept some foreign regulations on those investments. National economies are increasingly regarded by their own people and regulated by their own governments as national resources which should be exploited for national goals -- and not for the benefit of foreign interests or multinational corporations. (This does not mean nationalization or expropriation without compensation, but it does mean increased national participation in ownership or control.) Finally, if we seek open and uninterrupted access to raw materials and scarce mineral resources for our own economy, we must be willing to consider mechanisms whereby the market price of those commodities can be stabilized in such a way as to provide a fair return to the producer countries who depend upon their export. And these are just a few examples of the economic reasons for U.S. concern.

Politically, it has become a truism to say that one of the most important national interests of the United States is the creation of a stable and peaceful world in which we can pursue our other interests in harmony and not in conflict with others. Historically, it does not take extended research to conclude that such periods of stability and peace have frequently correlated with a) the predominance of "satisfied" versus "dissatisfied" powers and/or b) a power balance between the "great" powers themselves. One could argue that a military or strategic balance, however tenuous, does exist between the United States and the Soviet Union, and that a pentagonal economic and political equilibrium has also been achieved as between them, Western Europe (when regarded as a unit), Japan, and China. It is less obvious, however, that these five power centers may be equated with the "satisfied" powers of other era. Nor do they predominate over the world system of the late 20th Century in the same way that certain European powers predominated over the European system of the early 19th Century.

Neither Western Europe nor Japan are satisfied with their critical energy dependence on Arab oil, the United States is less than happy with its vulnerability to a bizarre combination of world-wide inflation and recession, China considers itself to be a developing and revolutionary state, and the Soviet Union is uncomfortably dependent on U.S. wheat sales. None of these states, moreover, whether singly or in combination, predominates over the international system in such a way as to ensure its future stability or peace. And that stability and peace is being increasingly challenged by the have-not, dissatisfied states of the third and fourth worlds. If American political interests dictate world order and peace, therefore, it is obviously in those interests to consider seriously and to act upon the legitimate grievances and demands of those states who may otherwise disrupt that order and prevent that peace.

Finally, the moral imperative. Too frequently, I think, the "problems of development" are divorced from the people they actually affect. Complex by nature and embedded in a statistical morass of economics and politics, those problems somehow become separated in our own minds from individual human beings. Yet all of us, whether in person or through the media, have witnessed the vivid and morally-degrading illustrations of the human dimensions -- the disease-ridden and starving bodies of children without medicine or food, the illiterate minds and empty hands of farmers and laborers without education or work, and the broken and desperate spirits of men and women without hope. These are the human costs and values of what this symposium is all about. The problems of development are far more than economics, or politics, or statistics. The problems of development are the problems of human beings -- and those human beings are the very first and foremost of "the reasons why."

It is equally true that it is those human reasons which make action

necessary. The American concern in all of this must be, above all, a moral concern. And in this year, more than in any other, it is important that we do not lose sight of that moral heritage which we all share. At its base the American body politic remains grounded in the precepts of Western liberal democracy, which at its worse may sometimes fail in practice, but at its best proclaims the equality of all men. And the conscience of that body politic has always been tied to an ethical belief based upon the brotherhood of man. That ethic embraces, but extends beyond, organized religion just as it embraces, but extends beyond, the confines of this continent. If we actually ascribe to that ethic -- if we believe in it -- it is then morally imperative that we also act upon it -- at home and abroad.

Why Public Involvement?

Let me conclude with a few final reasons why the American public must be involved in all of this. Those reasons stem from both internal development within this country and external events which have impinged upon it. Internally, we have been beset by, and somewhat morbidly obsessed by, the aftermath of "Watergate" and all that episode implied for American democratic institutions. The secrecy and dishonesty of government officials were reprehensible enough, but perhaps even more damaging to public morale was the deepseated official distrust of popular judgment which that secrecy implied. An attitude of "we know better" permeated the Washington scene and that attitude was nowhere more evident than in the elitism which surrounded the foreign policy-making process. Policies themselves became isolated from public scrutiny and influence, and it was only the massive failure of those policies in Southeast Asia, coupled with a general upheaval in government, which began to turn that process around.

Unfortunately, the previous distrust of the people by government had

now become mirrored in a general distrust of government by the people. That skepticism has been manifest in the apathy of the public at large, in the obstructionism of the Congress, and in the divisiveness of party politics. The crucial need for a "new consensus" on foreign policy has been articulated not only at the lower levels of the State Department or in the ivory towers of academia, but by the Secretary of State and by the President himself. That consensus is sought not as a <u>substitute</u> for public debate, but as the <u>goal</u> of such debate.

But I also mentioned that external developments had contributed to the need for public participation in foreign policy formulation. The interdependence which we have seen emerging between countries in the international arena has been reflected in an interdependence of issues, problems, and policies in the domestic arena. For example, the partial dependence of this country on foreign sources of oil, the recent increase in petroleum prices, and the resultant rise in the cost of gasoline has made the American automobile owner vitally aware of the Middle East conflict. It is no longer distant, alien, and foreign -- but close, personal, and very much at home! The same exercise could be carried out in relation to detente, grain purchases by the Soviet Union, and the cost of bread; or in relation to export industries seeking foreign markets, the lack of capital which may exist within those markets, and the resultant cut-back in production and unemployment which can occur in the exporting state. The point is: <u>foreign affairs are simply no longer foreign</u>. Foreign policy intimately affects the daily, personal lives of American citizens as it has never done in the past.

These, then are the reasons, from one vantage point at least, of why it is important for the American public to understand and to attempt to influence United States policies toward the developing world. There are many complex problems which the era of interdependence has imposed upon us. But

international action toward the solution of those problems is both possible and necessary. And there are also compelling reasons for American concern -- political, economic, and moral. The problems are not simple and the solutions will not be easy. But it is in the very best tradition of this nation to face them with responsibility -- not only by our government, but as a people. Let me conclude with a short quote from a former member of the State Department's Policy Planning Staff, Charles Burton Marshall, who addressed himself to the meaning of that kind of responsibility:

> "The policy based on the principle of responsibility lacks the crisp appeal of a phrase like 'the national interest.' It involves this paradox -- that we can serve our national interest in these times only by a policy which transcends our national interest. This is the meaning of responsibility.
>
> "No nation could ask more of history than the privilege of coming to great responsibility. To satisfy our American professions of the values of competition, we have at hand one of the most exacting contests in ideas ever experienced. To test our faith in freedom, we have abundant opportunity to make choices of action that will profoundly affect the course of human affairs. To test our devotion to values, we have the opportunity not simply to proclaim them but actually to support them by gifts and deeds and perseverance.
>
> "This juncture in our experience is not comforting for those who take the utopian approach to international problems -- those who remind one of Kipling's lines:
>
> > 'Thinking of beautiful things we know;
> > Dreaming of deeds that we mean to do,
> > All complete, in a minute or two --
> > Something noble, and grand and good,
> > Won by merely wishing we could.'"

"Rather," Marshall continues,

> "I recall the words opening one of Christina Rossetti's poems:
>
> > 'Does the road lead uphill all the way?
> > Yes, to the very end.'
>
> "That is the road which a great and responsible nation must tread. It *is* an uphill road all the way. (But,) for Americans who do not mind walking that kind of a road, this is not a time for misgivings but a great time in which to live."

OUTREACH FROM THE JOHNSON FOUNDATION

In the interest of sharing the substance of Wingspread conferences with a wider audience, the Johnson Foundation has developed a public information and outreach program.

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R-117	Brazil - The World's Fifth Largest Country
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Wingspread

The building Frank Lloyd Wright called Wingspread, situated on a rolling prairie site just north of Racine, Wisconsin, was designed in 1938 as a residence for the Johnson family. In 1960, through the gift of Mr. and Mrs. H. F. Johnson, it became the headquarters of The Johnson Foundation and began its career as an educational conference center.

In the years since, it has been the setting for many conferences and meetings dealing with subjects of regional, national, and international interest. It is the hope of the Foundation's trustees that Wingspread will take its place increasingly as a national institution devoted to the free exchange of ideas among people.

The rolling expanse of the Midwestern prairies was considered a natural setting for Wingspread. In the limitless earth the architect envisioned a freedom and movement. The name Wingspread was an expression of the nature of the house, reflecting aspiration through spread wings — a symbol of soaring inspiration

The Johnson Foundation encourages the examination of a variety of problems facing the Midwest, the Nation, and mankind. In the belief that responsible analyses and proposals should reach a substantial audience, The Johnson Foundation assists in the publication of various papers and reports. Publication, of course, does not imply approval.

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